

**FUNCTIONING OF RAILWAY MAIL
SERVICE AND ROAD TRANSPORT
NETWORK IN DEPARTMENT OF POST**

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)**

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

NINETY- SECOND

SEVENTEENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2322

NINETY SECOND REPORT
PUBLIC ACCOUNTS COMMITTEE
(2023-24)
(SEVENTEENTH LOK SABHA)

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NETWORK IN DEPARTMENT OF POST**

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)**



Presented to Lok Sabha on:

Laid in Rajya Sabha on:

**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2024 /Magha, 1945 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2023-24)

Shri Adhir Ranjan Chowdhury

- Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Shri Pratap Chandra Sarangi
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabbhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
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18. Shri Derek O' Brien*
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Dr.Sanjeev Sharma - Joint Secretary
2. Smt.Bharti Sanjeev Tuteja - Director
3. Shri Girdhari Lal - Deputy Secretary
4. Shri. Prakhar Prakash Anand - Assistant Committee Officer

* Elected w.e.f. 19.08.2023 consequent upon retirement of Shri Sukhendu Sekhar Ray, MP on 18.08.2023.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24), having been authorised by the Committee, do present this Ninety Second Report (Seventeenth Lok Sabha) on 'Functioning of Railway Mail Service and Road Transport Network in Department of Post' based on Para No.3.2 of C&AG Report 15 of 2022 relating to the Ministry of Communications (Department of Posts).

2. The C&AG Report No. 15 of 2022 was laid on the Table of the House on 08.08.2022.

3. The Public Accounts Committee (2023-2024), selected the aforesaid subject for detailed examination and took oral evidence of the representatives of the Ministry of Communications (Department of Posts) on the subject matter on 18th July, 2023.

4. The Public Accounts Committee (2023-2024) considered and adopted the Draft Report on the aforementioned subject at their Sitting held on 17.01.2024. The Minutes of the Sittings are appended to the Report.

5. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

6. The Committee would like to express their thanks to the representatives of the Ministry of Communications (Department of Posts) for tendering evidence before them and furnishing the requisite information in connection with the examination of the subject.

7. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI:
17th January, 2024
27 Pausha 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

I. INTRODUCTORY

This Report is based on Para 3.2 of C&AG Report No.15 of 2022 on the subject, "Functioning of Railway Mail Service and Road Transport Network in Department of Post".

II. RAILWAY MAIL SERVICE

2. Railway Mail Service (RMS) constitutes the primary conduit employed by the Department of Posts (DoP) for the conveyance and transmission of postal items across the entire nation. As of March 2020, the DoP possessed 66 Departmental RMS Vans and secured accommodations in 144 Trains to facilitate the transportation of mail through the RMS. Among the 269 RMS sections, 39 sections operate within Departmental RMS Vans, with the remaining 230 sections utilizing hired train accommodations. In addition to leveraging the services of the Indian Railways, the RMS wing has incorporated the Road Transport Network (RTN) since its introduction in June 2013. The implementation of the Plan Scheme 'Development of Road Transport Network,' sanctioned by the Postal Directorate, aimed to ensure the secure transportation of parcels, particularly those related to e-commerce. Furthermore, the DoP decided to utilize spare capacity within the RTN vans for transporting speed post articles until the parcel business expanded.

3. The mail traffic volume handled by the Department from 2017 to 2020 indicates a notable decrease in un-registered mail, while registered mail and premium products of the Postal Department maintained consistent business. However, the overall business witnessed a decline from ₹634.61 crore in 2017-18 to ₹510.27 crore in 2019-20. Despite an overall reduction in expenditure on Mail Services during this period, there was an increase in expenditure on RMS from ₹116 crore to ₹183 crore.

AUDIT FINDINGS

4. The RMS employs railway bogies, including both departmentally procured postal vans and hired non-postal vans, for its mail operations. The full bogie postal vans are attached to trains operating on specific routes. The Department of Posts

(DoP) compensates the Railways for haulage charges for both postal and non-postal vans based on the actual services rendered by the Railways.

5. The Committee have also found that in January 2007, DoP issued instructions to all Heads of Circles regarding the payment of haulage charges under the revised system of berth displacement. These instructions outlined the shift from the seat displacement system to the berth displacement system for calculating haulage charges. Full bogies were to be treated as 72 berths in Broad Gauge (BG) and 64 berths in Meter Gauge (MG). Additionally, Railways continued to provide a rebate of two percent on Capital Investment by DoP for postal vans.

6. In February 2007, DoP clarified the classes of mail vans for haulage charges, categorizing payments into four slabs of berths: (i) 1-18, (ii) 19-36, (iii) 37-54, and (iv) 55-72. According to this categorization, DoP had to pay for the maximum number of berths in a slab, even if the actual utilization was the minimum number of berths in that slab. To reduce costs, DoP instructed the Circles to reassess the accommodation requirements for all sections. Despite observations on excess haulage charges in Para No. 2.4 of Report No. 21 of 2017, the Ministry, in their Action Taken Note (ATN) in October 2017, stated that suitable instructions had been issued to all concerned. However, audit findings reveal that the instructions issued by DoP were not being adhered to, and deficiencies persist.

A. Excess payment of haulage charges due to improper verification/inaction on claims raised by Railways

7. Ministry in their background note stated that in order to streamline the process of haulage payment in future, proposal for procedure of direct payment system after validation of haulage bills by Department of Posts was sent to Railways vide letter no. 03-01/2012-D Vol.II dated 17.11.2020 followed by repeated communications and also Inter Ministerial meeting on 03.02.2022. After having received no reply, Railway Board has been requested to direct the zonal railways to forward the haulage bills to RBI after validation from DoP. All Postal Circles have also been instructed to send a statement of sectional accommodation provided by the Railways, to concerned zonal railway to avoid instances of excess debit of haulage charges (Annexure 57).

Recently, another communication has been sent to Chairman Railway Board vide D.O. letter no. 03-01/2012-D Vol. II dated 10.07.2023.

8. When desired to know what decision was arrived at the Inter-Ministerial meeting held on 03.02.2022 as regards the proposal for procedure of direct payment system after validation of haulage bills by Department of Posts, the Ministry replied as under:

“the said meeting was held on 24.08.2021 and no decision was arrived at in this meeting.”

9. About the response of the Ministry of Railways to the request of the Department of Post for directing the zonal railways to forward the haulage bills to RBI after validation from DoP, the Ministry reply was as below:

“In its reply dated 06.10.2022 & 17.07.2023, Ministry of Railways had communicated that the zonal railways have been directed to settle the excess debits and a copy of the same was sent to Department of Posts. Railway has further requested to DoP to advise postal Circles to re-verify the disputed payments and coordinate with the zonal railways to resolve the disputes. Instructions in this regard, have already been issued to Circles vide letter dated 20.07.2023 and are reiterated from time to time”.

10. Further, when enquired about the reasons for not pursuing the matter since 17.11.2020 by the Department and for taking it up again with the Railway Ministry only after the meeting on the subject was fixed by the Public Accounts Committee, the Department stated as under:

“The matter was consistently pursued with Railways vide communications dated 23.02.2021, 01.04.2021, 19.05.2021, 29.09.2021, 17.11.2021, 05.01.2022, 07.02.2022, 23.06.2022, 31.08.2022 & 04.10.2022 & 10.07.2023.”

11. Despite assurance in 2017 by the Department of Posts that they will validate the haulage charges before paying the same to the Ministry of Railways, when desired to know why there has been no visible progress with regard to the same, the Ministry intimated as under:

“After assurance, all Circles were directed vide letter dated 22.09.2017 to take up the issues of excess debited amounts with RBI(CAS) Nagpur for adjustment. Later it was also decided to propose a direct payment system, which was proposed to Railways vide Department’s letter dated 17.11.2020 and followed up as mentioned in reply to para above.”

B. Payment for sanctioned berths without verifying actual allotment

12. Scrutiny of records of 22 Circles revealed that Railways had raised bills for berths sanctioned instead of actual berths allotted in three Circles and the Circles made the payments without verification of the claims, resulting in excess payment of haulage charges of ₹12.15 crore. Ministry while accepting the audit observation stated that (June 2021) the matter has been taken up by the Circles with Zonal Railways concerned for recovery of excess payment. The fact is that the Postal units made payments for the bills raised by Railways without verifying the berths actually allotted, resulting in excess payment of haulage charges.

13. Ministry reported that out of three Circles, two Circles of Gujarat and Telangana have adjusted the extra amount debited from their account except the Odisha Circle. As per Ministry's background note, Odisha Circle has submitted after reconciliation that the actual excess debited amount is Rs. 8.4 Cr against reported amount of Rs. 10.61 Cr. The excess debited amount has not been sanctioned by the Circle and matter is being pursued with railways for adjustment of the same.

14. In the line of further questioning, the Committee desired to be apprised as to what was the current status of the adjustment of excess payment debited from Odisha Circle after the matter was brought to the attention of respective zonal railway. In this regard, the Committee were apprised as under:

"Odisha Circle has submitted after reconciliation that the actual excess debited amount is Rs. 8.4 Cr against reported amount of Rs. 10.61 Cr. for the period 04/17 to 02/2020). This amount of Rs. 8.4 Cr includes Rs. 4.26 Cr pertaining to period 04/17 to 01/19, which has also been mentioned in audit Para 3.2.3.5 and explained in detail in its reply. Calculation sheet provided by the Circle is attached as Annexure C. The excess debited amount has not been sanctioned by the Circle and matter is being pursued with Ministry of Railways for adjustment of the same."

15. While analysing the details on haulage charges, the Committee asked the Ministry whether the zonal railways forward the details of actual railway berths allotted/used while raising claims for Rail Mail Services (RMS). In this regard, the Ministry stated as below:

"No. Sanctioned number of berths is mentioned in the bills. Requirement of reconciliation arises when the actual number of berths allotted does not match with the sanctioned number of berths mentioned in the bills also due to short accommodation/ non-functioning of section/train. However, after reconciliation

by Postal Circles, some Zonal Railways get it adjusted, but not all of them.”

16. On being asked as to whether the excess payments were solely attributed to the Railways raising bills for sanctioned berths, or whether there were other factors contributing to the excess payment of haulage charges, the Ministry replied as under:

“Besides this, the excess debits may be attributed to other factors also such as claims raised for closed/ non-functional sections/ trains, claims being made by two zonal railways separately to two different postal Circles.”

17. Further, upon the enquiry about the measures that are being implemented to ensure that Postal Units verify the berths actually allotted/used before making payments in the future, the Ministry stated as under:

“All Nodal postal Circles had been directed to share statement of sectional accommodation every month with the concerned zonal Railway so that the same may be considered before raising bills. As per their reply, the Railway Board had also been requested to direct zonal Railways accordingly.”

18. On being asked as to whether the Ministry ascertained reasons for making payments without verifying the actual berths allotted, the Ministry stated:

“In case of Odisha and Telangana Circles, the sanctions were issued only after verifying the bills with actual records. In case of Gujarat Circle, the excess payment was made due to oversight for the period from Apr’18 to Dec’19. The excess paid amount has been recovered after identification of the issue. From Jan’20, sanctions were issued for actual allotment only.”

C. Short allotment of berths as against sanctioned position

19. The Committee learnt that the sanction of berths for RMS by Railways is based on the requirements projected by DoP. However, there were many instances of short allotment of berths as against those sanctioned by Railways. In three out of 22 Circles, Audit observed that the short allotment for the period 2017-2020, adversely affected the quality of service provided due to inadequate space. Ministry stated (June 2021) that the cases of short accommodation provided have been addressed to the Railways from time to time and requests have been made to Zonal Railways by the Circles as well as by Directorate to Railway Board. However, the fact remains that the short allotment adversely affected the quality of service provided by the Department.

20. Ministry in its reply to audit finding that the short allotment adversely affected the quality of service provided by the DoP, has said that sanctioned accommodation

is now being provided in the aforementioned circles/sections barring occasional exceptions and no major instance of detention of mail has been reported.

21. Upon being further enquired whether the sanctioned accommodation is being provided by the Railways in all the Circles across the country, the Ministry clarified as under:

“They are provided with the sanctioned accommodation by the Railways in all the circles across the country barring occasional exceptions.”

22. On being further asked how the DoP ensures quality of service in case of short allotment of berths, the Ministry replied as under:

“Matter has been taken up with Railways for providing sanctioned accommodation. It is further submitted that the sanctioned accommodation is based on an average workload. The mail volume is affected by other factors also such as a particular event, season (festival etc.) and may vary from time to time. Hence, it may not always be the case that whenever the actual accommodation deviates from sanctioned, the service is affected. At present, the DoP has a well-developed Road Transport Network (RTN). To overcome the instances of short accommodation in RMS sections, the left-over mail, if any, is despatched through next immediate available mode i.e., RTN/Section, as an immediate remedial action.”

D. Payment made for full sections even after closure of part of the sections

23. Audit scrutiny of records of Bihar Circle revealed that in two sections, payments were made for full sections even though part of the sections were closed. In RN-32 Section (Nagar Untari- Daltonganj-Gomo 460 KM) a portion of the section viz., Daltonganj-Nagar Untari route was abolished with effect from 01 June 2015. After abolition of said routes, the distance to and fro Gomo to Daltonganj came down to 286 KMs. Despite this reduction in length of route, Railways continued to prefer haulage charge bills based on the length of the earlier route. No action for rectification was taken by the Postal Circle which ultimately resulted in excess debit (up to March 2020) of haulage charges to the Department by RBI of ₹54.82 lakh. The Circle operated two RMS sections H-26 (Sealdah to Sahibganj - 347 Km) and DH-3 (Sahebganj to Mughalsarai/ Varanasi - 512/ 528 Km) which were in operation for carrying of mails between Sealdah to Mughalsarai/ Varanasi. Section H-26 was abolished/ discontinued by West Bengal Circle, Kolkata with effect from 01 July 2014 under intimation to Bihar Postal Circle. However, Railways continued to claim

haulage charges for Sealdah to Mughalsarai/ Varanasi despite discontinuation of Section H-26 and the bills were paid by Bihar Postal Circle without taking into consideration the reduction in length of the route. This also resulted in excess payment of haulage charges by the Posts to the tune of ₹43.19 lakh.

24. Ministry replied that (June 2021) the matter is being taken up by Bihar Circle with the Zonal Railways concerned for adjustment of excess amount paid in subsequent bills or by crediting back through Director of Accounts (Postal).

25. Audit observed that the above instances are only based on test check and more such cases cannot be ruled out. This indicates that the Department's internal verification of the bills raised by Railways was inadequate and DoP needed to be more alert to the claims raised by Railways by introducing internal checks and internal audit on the claims raised.

26. Ministry reported that the Bihar Circle was the Nodal Circle for payment of haulage charges in respect of section RN-32 and H-26. The amount of Rs.54.82 lakh in respect of section RN-32 & Rs. 43.12 lakh in respect of section H-26 have been adjusted through credit advice no. 7 & 8 dated 06.07.2023 by DA(P) Patna.

27. When asked why payments for haulage charges were made for full sections (Nagar-Untari-Daltonganj-Gomo 460km) even though part of the sections (a portion of the section viz., Daltonganj-Nagar Untari route) was closed with effect from 01.06.2015, the Ministry replied as under:

"The payment was made erroneously as the zonal railway continued raising the bill for this section. However, the excess paid amount had been recovered."

28. On being asked as to whether the Ministry has issued directions to the Postal Circles to rectify the excess debit of haulage charges after the reduction in length of the route, the Ministry replied that directions had been issued vide DoP's letter no. 7-1/2012-D (Pt) dated 17.08.2020.

29. Further when asked why the Bihar Circle continued to pay haulage charges for the Sealdah to Mughalsarai/Varanasi route despite the discontinuation of Section H-26, the Ministry stated as under:

"The payment was made erroneously as the zonal railway continued raising the bill for this section. However, the excess paid amount had been recovered."

30. On being asked what action has been taken by the Department of Posts to

improve its alertness and internal checks regarding the claims raised by Railways, it replied as under:

"All operating Circles have been directed to share statement of sectional accommodation every month with the concerned nodal payment Circle and all Nodal postal Circles have been directed to share statement of sectional accommodation every month with the concerned zonal railway so that the same may be considered before raising bills. Railway Board has also been requested to direct zonal Railways to raise debit advice only after verifying the bills raised from the statement of sectional accommodation shared by Postal Payment Circles."

31. Since Audit is a test check, when asked whether the DoP has taken steps to ensure that the excess haulage charges are not being paid for discontinued routes, the Ministry in reply stated:

"With the resumption of trains since June'20 (unlock1.0), a limited number of sections have been resumed and with the resumptions, all Circles were directed to keep proper record of sections to ensure correctness of haulage payments. Besides this, instructions were also issued to all Circles to seek approval of Directorate for resumption of RMS sections, besides issuing instructions to Circles as detailed in reply to Para above."

E. Excess Debit of haulage charges by RBI

32. Audit observed that despite specific directions (September 2017), the practice of RBI directly debiting DoP for Railway bills continued without validation of the bills by DoP resulting in excess debit of ₹17.85 crore in five Circles alone. In Odisha and UP Circle, it was also observed that monthly reconciliation meetings were not being held regularly to discuss and reconcile the bills raised by the Railways.

33. On being asked why the reconciliation meetings between concerned authorities of DoP and Railways were not held regularly in Odisha and UP Circles for ironing out shortcomings noticed in bills raised by Railways, the Ministry replied as under:

"Reconciliation meetings could not be held even after taking up the matter with the Zonal Railways concerned on several occasions."

34. Upon further enquiry whether reconciliation meetings were being held regularly to discuss and reconcile the bills raised by the Railways in all other Circles, the Ministry replied as under:

“Purpose of reconciliation meetings is to rectify the disputes/differences in claimed and actual bills. Circles approach respective zonal Railways for reconciliation/adjustments as and when required. Some zonal Railways accept the adjustments in subsequent bills/ through contra debit to DoP without any reconciliation meeting. However, reconciliation meetings could not be held in several zones in spite of taking up the matter with the respective zones.”

35. The Committee have found that the Ministry stated (June 2021) that in the present system of payment of haulage charges, there was no provision of pre-validation from the nodal payment circle concerned of the DoP and despite request to RBI (CAS) Nagpur, the amount mentioned in the haulage bills raised by the Zonal Railways were debited to the DoP. In respect of Bihar, Haryana and Gujrat Circles, the excess amount debited by RBI Nagpur has since been credited back to the Circle; while in case of Gujarat Circle, though the amount was credited back, it was re-debited by Railways. In respect of Odisha Circle, ₹1.98 lakh has since been adjusted and in respect of UP Circle, matter was being pursued with the Zonal Railways. Ministry further stated that in order to avoid these circumstances and streamline the process of haulage payment in future, proposal for adopting the procedure of direct payment to Railways after validation of haulage bills by the Department of Posts has been sent to Railways in November 2020 and added that the matter was being pursued further.

36. About the present status on the proposal for adopting the procedure of direct payment to Railways after validation of haulage bills by the Department of Posts, the Ministry's response was as under:

“Acceptance of the proposal is still awaited from Railways. (Follow up communications in this regard have been sent to Railways on dated 23.02.2021, 01.04.2021, 19.05.2021, 29.09.2021, 17.11.2021, 05.01.2022, 07.02.2022, 23.06.2022, 31.08.2022 & 04.10.2022 & 10.07.2023). However, in its reply dated 06.10.2022 & 17.07.2023, Railways had communicated that the zonal Railways have been directed to settle the excess debits and a copy of the same was sent to this Department. Railway has further requested this Department to advise postal Circles to re-verify the disputed payments and coordinate with the zonal railways to resolve the disputes. Instructions in this regard, have been issued to Circles. “

37. The Audit observed that the DoPs instructions (September 2017) were endorsed to RBI without any consultation with them on the pre-validation requirement. This has not only resulted in non-implementation of the assurance given by DoP, but continuation of excess direct debits by RBI. Until the payment

system is changed as proposed by DoP, they need to ensure regular reconciliation of the claims made by the Railways and raised on RBI directly, for adjustment of any excess billing."

38. On being asked why DoP's instructions (September 2017) were endorsed to RBI without consultation, the Ministry replied as under:

"The instructions were issued to avoid/ recover excess debits for DoP through RBI. Further it was submitted that RBI never objected to these instructions. Moreover, instances had been experienced where the excess debited amounts had been adjusted through RBI by issuing credit advice."

39. About the steps DoP took to ensure regular reconciliation of claims made by Railways for adjustment of any excess billing, the Ministry replied as under:

"Circles had been sensitized to regularly approach Railways to schedule reconciliation meetings."

F. Excess payment of Rent for RMS buildings owned by Railways

40. Audit scrutiny revealed that the DoP issued (May 2010) instruction for calculation/ payment of license fee in respect of RMS buildings constructed under deposit scheme as @ 6 per cent of market value of land annually to be revised every five years. For RMS buildings owned by Railways, following were the revised rates of interest charges

(i) @ 6 per cent on Capital invested after 01 April 1964

(ii) @ 4.5 per cent on Capital invested prior to 01 April 1964.

Railways, while re-iterating the rate of interest stated (January 2018) that the land value, as prescribed by the Revenue Department of concerned state, can be taken for fixation of rent annually and to be revised every five years. However, audit noticed instances of incorrect computation of arrears of rent, untimely revision of rent and wrong application of interest rates leading to excess payment of ₹1.53 crore. The above are only illustrative cases and the DoP needs to internally audit all such charges being billed by Railways and payments made by DoP on account of buildings hired for RMS.

41. On further enquiry about the action been taken by the DoP to ensure that all claims are checked before making payment, the Ministry stated:

"DoP vide D.O. dated 21.05.2021 and D.O. dated 14.06.2023 had issued the instructions to all the Circles to avoid excess payment of rent for RMS buildings owned by Railways."

42. On being asked whether the Department of Posts has conducted a comprehensive internal audit of all charges billed by Railways and payments made on account of buildings hired for RMS, the Department replied as below:

"All the Circles have been instructed vide D.O. dated 24.07.2023 to carry out comprehensive internal audit of all charges billed by Railways and payments made on account of buildings hired for RMS. Tamil Nadu Circle has started comprehensive internal audit of all charges billed by Railways and payments made on account of buildings hired for RMS."

43. In the Background Note, the Ministry stated that in respect of Tamil Nadu Circle, with regard to excess payment of Rs. 1.31 Cr, Railways has informed that revision of rent is under review in Railway Board and the outcome will be intimated. Concerned RMS Divisions are liaising with the Railway Authority to update the status of the same for further necessary action and to adjust the excess amount paid in future bills.

44. When desired to ascertain since when the issue of rent revision is under review in Railway Board and efforts made to settle it, the Ministry replied as under:

"Chennai Division Southern Railway intimated on 08.12.2021 that revision of Licence fee was under review in the Headquarters and Railway was last reminded on 24.08.2023 in this regard."

45. It is noted that in respect of Punjab Circle, Circle has informed that matter has been taken up with Railways authority for recovery/refund of excess payment made and in case, the refund is not made by the railways in due course then it will be adjusted in the next bills generated and submitted by Railways.

46. On being further asked whether the excess amount has been refunded by the Railways to the Punjab Circle, the Ministry stated as under:

"Punjab Circle had informed that the excess amount would be recovered/adjusted in the next bills that will be issued by Railway authorities."

G. Payment of avoidable rent on vacant/ unutilized building

47. The Committee have learnt that Audit pointed out that to ensure economy, it is prudent to surrender a rented building/ excess space occupied than justified, when

not in use. However, instances of delays in surrender of rented building/ excess space than justified were noticed due to lack of due diligence, which resulted in payment of avoidable rent of ₹72.17 lakhs for vacant/ unutilised buildings in six Circles. Ministry accepted (June 2021) the issues raised by Audit except for UP and Kerala Circles. Regarding Uttar Pradesh Circle, Ministry replied that the old building of O/o Senior Record Officer, Agra was in possession of the Department since the building was required for operational purpose. The reply is not acceptable, as the building was vacated in 2015 itself but no effective action was taken immediately to surrender the building thereafter. Regarding Kerala Circle, Ministry added that the carpet area of Kollam RMS office was 3,314 sqft. and the same area was required for the proper functioning of the office. The reply is not acceptable as the justified area as per SSRM record was 2,182 sqft whereas 3,969 sqft area was being billed for the building.

48. In respect of Tamil Nadu Circle, with respect to avoidable payment of Rs. 24.29 lakh, Tamil Nadu Circle has reported the dispute raised by Railways for payment of licence fee is under settlement.

49. Furnishing the details of the dispute raised by Railways for the payment of Licence fee, the Ministry submitted:

“Charging of the additional 3% for the First floor is not applicable for the building constructed by DoP on Railway land under deposit scheme. However, Railways billed the department for the first floor also in respect of Tambaram RMS building constructed under deposit scheme. Excess payment made in this regard till 2018-19 has been adjusted. As regards paying rent for vacant space is concerned, Railways intimated on 16.10.2019 that Tambaram RMS building is in dilapidated condition and hence unfit for further use and therefore earmarked for condemnation. As per Railway Board letter. No. 73/W 2 /3/8 dated 02.02.1979, Railways has the option to acquire the building at any time by payment of the depreciated cost of the building in accordance with the Railways rules allowing for depreciation @ 1/65. Railways was requested to intimate the depreciation value and consent to take over the building vide Circle Office letter No. BDG/16-3/TBM/16/pt dated 17th Aug & 11th Sep, 20th Nov 2020 & 08th Jan'21. Railways vide letter No.M/W.93/Bldgs/Rent/RMS/ Vol.III dated 09th Nov 2020 has intimated that Railways Board letter NO.73/W 2/3/8 dated 02nd Feb 1979 will not be applicable in this case, since Railways is not in need to acquire the building. Keys were not accepted by the Railways. Then RMS building keys was sent to Assistant Divisional Engineer by Airmail sorting Division through registered post with Acknowledgement Due on 25.10.2022. The keys were acknowledged by ADEN Tambaram vide letter dated 09.11.2022.”

50. As regards the reasons for delays in surrendering the rented buildings/excess space when not in use, the Ministry replied as below:

"After introduction of IT Modernization Project, the nature of mail processing work has changed and more space was required for different activities envisaged as part of Parcel Network Optimization Project. In one of the Circles, the extra time was taken to shift/utilize the serviceable items and to auction the unserviceable items. Notwithstanding this, instructions have been issued to all the Circles by the Postal Directorate vide letter dated 30.9.2022 to review space requirement in Railways properties occupied by Postal department and ensure timely vacation of vacant/extra space to ensure economy in RMS operations."

H. Irregular payment of Service Tax/ GST on Rent paid to Ministry of Railways

51. The Committee have learnt that MoF instructions (December 2016) stipulate that the services provided by Indian Railways to DoP are not leviable to service tax, as both the departments are arms of Central Government. Further, MoF instructions (June 2017) stipulates that the services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority are exempted from payment of Goods and Service Tax (GST). DoP also clarified (March 2019) the position to its Circles that GST is not applicable on licence fee to be paid to Ministry of Railways for the properties rented for RMS Office. Audit scrutiny, however, revealed that in seven Circles, Railways billed GST along with rent and DoP paid ₹3.46 crore without verification of claims.

52. The Committee are aware that Ministry accepted the facts and stated (June 2021) that the concerned Circles had been instructed in May 2021 to take remedial steps to ensure that payment of GST/ Service Tax are not made in future. However, the Ministry remained silent regarding refund/ adjustment of GST already paid.

53. When enquired about the steps that may have been taken to ensure that payment of GST/ Service Tax are not made in future without verification of claims, the Ministry replied as under:

"DoP vide D.O. dated 21.05.2021 and D.O. dated 14.06.2023 had issued the instructions to all the Circles that Circles should devise a proper procedure to avoid recurrence of cases of irregular payment of Service Tax/GST on rent paid to Ministry of Railways."

54. Upon enquiry about the stance of the Ministry on the refund or adjustment of the GST already paid by DoP, the Ministry stated as under:

"The amount of taxes paid by the DoP should preferably be refunded by Railways failing which it should be adjusted in future bills by the Railways."

I. Non Utilization of Dimensional Weighing System (DWS)

55. Audit pointed out that the Dimensional Weighing System (DWS) procured by DoP, was not found integrated with the CSI software and hence could not be utilised in five Circles resulting in infructuous expenditure of ₹4.44 crore. Similarly, procurement of Mail Hardware without assessing the required specifications resulted in wasteful expenditure of ₹76.39 lakh.

56. On being asked why the DWS was not integrated with the CSI software in five Circles, the response of the Ministry was as under:

"Dimensional weighment system (DWS) installed at Vijayawada, Hyderabad, Lucknow and Jaipur Parcel Hub had been integrated with Core Systems Integration (CSI) and DWS installed at e-Commerce centre, Kolkata had since been repaired and integration with Core Systems Integration (CSI) will be completed shortly."

57. On being asked about the reasons for procuring Mail Hardware without proper assessment of required specifications, the Ministry replied as below:

"Mail Operations Hardware (MOH) a part of IT Modernization Project of Department of Posts, assessed the requirement of Tag Printer/Barcode Printers/Barcode Scanners according to the requirements for the introduction of functionality. The functionality of Tag Printer/Barcode Printers/Barcode Scanners got delayed due to delay in the development of software. Functionality for generation of redesigned bag labels through system has now been made available and all Tag Printer/Barcode Printers/Barcode Scanners procured for the purpose are fully utilized by the circles."

IV. MAIL SERVICES THROUGH ROAD TRANSPORT NETWORK (RTN)

58. The Committee learnt that the Department of Posts (DoP) devised a proposal during the 12th Plan (2012-2017) titled "Development of Road Transport Network" aimed at facilitating the carriage of parcels along designated routes. The sanctioned budget for the scheme was ₹35 crore, approved in June 2013. Additionally, the plan

was extended for the subsequent period from 2017-18 to 2019-20, post the 12th Plan.

The objectives of the Road Transport Network (RTN) Scheme were threefold:

- i) Establishing a secure and reliable system for parcel transportation to tap into the opportunities arising from the growth of e-commerce in India.
- ii) Developing a dependable and expeditious road transport mechanism for parcel delivery on intercity routes situated in the outskirts of metropolitan and other cities.
- iii) Enhancing service quality by ensuring time-definite delivery of parcels to customers.

59. Further they learnt that upon approval of the scheme in June 2013, it was anticipated that its implementation would result in additional parcel traffic and revenue for DoP. The projected growth rate for new parcel traffic was set at 25 percent annually from 2012 to 2017. To leverage spare capacity in the proposed RTN vehicles, DoP opted to transport speed post articles until the parcel business expanded. The Department chose to adopt an outsourced model for road transportation, selecting service providers/vendors through the standard tender process in accordance with relevant Department rules. It was also stipulated that service providers must equip their vehicles with a Global Positioning System (GPS) to enable effective supervision by DoP over vehicle movements.

60. The project envisioned the establishment of a Quality Monitoring Cell (QMC) at the Directorate level within DoP. This cell, staffed by hired personnel, would be responsible for daily monitoring, the development and maintenance of new applications if necessary, and the creation of Management Information Systems (MIS) and monitoring systems.

J. Non-achievement of projected scheme objectives

61. Audit noticed that DoP approved 54 RTN routes in 18 Circles during the period from 2013-14 to 2016-17 and of this, 43 routes in 16 Circles were made operational between 2014-15 and 2016-17. Out of the 43 routes, six routes were closed during the original scheme period (up to March 2017) due to various reasons such as non-improvement in service quality by providing time definite delivery of

parcels and speed post articles and poor growth in e-commerce parcels. Further 19 new RTN routes were approved by DoP, during the period from 2017-18 to 2019-20 (post-12th Plan) and out of these, eleven routes were made operational, however, one route was closed during this period.

62. The Committee found that in the Audit report, it is mentioned that between 2018-20, the traffic of RTN routes was less than a crore while the expenditure on the same was in excess of Rs.10 crore every year. In the view of the above fact, the Committee desired to know why the DoP had commissioned RTN vehicles on routes which were not feasible and resulted in a net outgo. The Ministry replied as follow:

“RTN is one of the modes of transport utilized by the Department of Posts for transmission of mail and parcels and therefore has no direct connection with generation of revenue. The objective of the RTN scheme is to provide necessary infrastructure for safe and secure transmission of parcels and to handle expected parcel volume to ensure higher growth in parcel revenue. RTN are being utilized to the maximum extent possible and have ensured to ensure safety and security of parcels. Some of the routes have also been discontinued after review by the Circles concerned. Parcel revenue of the Department grew by 47% in 2022-23 on account of improved operational efficiency and security. ”

63. On being enquired whether any financial losses were incurred by the Circles due to closure of total seven routes out of 73 RTN routes approved, during the period 2014-20, the Ministry responded as under:

“Department is following a multimodal approach for transmission of mail and parcel through air, railways and road transport depending on the suitability of the connectivity in terms of delivery advantage. Further, deployment of RTNs is an operational necessity. Wherever there was shortage of space in RMS sections and timings were not suitable for expedited delivery of mail and parcel at the destination, Road Transport Network was made operational on those routes. The impact of operationalization of RTNs and infrastructure created can be seen in the parcel traffic figures of the last three financial years. An increase of 57% in parcel traffic has been noted from 2020-21 to 2022-23. (344.33 lakhs parcels in 2020-21 to 540.71 lakhs parcels in 2022-23) Presently the RTN comprises 74 routes (to and fro, $37 \times 2 = 74$) which are utilized efficiently, to the extent of 80% capacity average load on a daily basis and on certain routes it is 100%.”

64. Audit scrutiny of parcel traffic handled through Express Parcel/ Business Parcel during the years 2014-15 to 2019-20 revealed that the expected growth in parcel traffic was not achieved by the DoP as against the expected growth of 25 per

cent per annum and in fact; it reduced considerably in terms of volume during the period 2016-17 to 2019-20.

65. On being asked about the reasons for the reported dismal performance of parcel traffic handling as against the expected 25 percent growth rate per annum, the Ministry's response is as below:

"In the period 2016-17 to 2019-20, Department was in the process of setting up separate infrastructure i.e. Parcel Processing hubs, Nodal Delivery centres and RTNs to capture a sizable business of the Courier Express and Parcel market. Before 2016-17, parcel was being handled in the same facility as that of mails and therefore exclusive focus could not be given to parcel business which was growing exponentially in the domestic market. Ever since April 2018, when Parcel Directorate was set up, 190 Processing hubs and 198 Nodal delivery centres have been set up across the country for exclusive handling and delivery of parcels. 74 RTNs have been operationalized for safe and secure transmission of parcels. As a result, parcel traffic in the last three years has shown a healthy increase of 57% (344.33 lakhs parcels in 2020-21 to 540.71 lakhs parcels in 2022-23)"

66. Further, the Ministry was asked what actions have they taken to ascertain the reasons for the considerable reduction in parcel traffic volume from 2016-17 to 2019-20 to which the reply furnished, is as under:

"... lack of infrastructure to handle huge volume of parcels and non-availability of dedicated RTN were the main reasons for parcel traffic not picking up. However, as explained earlier, with the setting up of separate infrastructure for parcel processing and delivery and operationalization of dedicated RTNs, parcel traffic has shown a steady growth during the past few years.

Parcel traffic figures from 2018-19 are detailed as under:

Financial year	Parcel traffic (fig. in lakhs)	Percentage growth
2018-19	270.51	-
2019-20	309.06	14.25
2020-21	344.33	11.41
2021-22	368.65	7.06
2022-23	540.71	46.67

67. Audit observed that though expenditure on RTN was exhausted in full during the years up to 2017-18 and DoP incurred total expenditure of ₹57.72 crore at the end of FY 20, the expected growth of 25 per cent per annum in the parcel traffic as projected in the plan scheme, did not materialise. On the contrary there was a considerable declining trend in parcel traffic over the last three years. DoP needs to explore alternate means of transportation to reduce the operating expenses, in cases of non-availability of sufficient parcel mail instead of hiring full vehicles for RTN services.

68. When sought to know about the measures including exploration of alternate means of transportation, that have been taken by the Ministry to reduce operating expenses in cases of non-availability of sufficient parcel mail instead of hiring full vehicles for RTN services, the Ministry's response is as below:

"The RTNs were introduced in the Department on limited routes in addition to the other modes of transmission of mails such as Railways and Air. At present Department has deployed RTN on 74 routes with carrying capacity of 447 tonnes and covering around 56000 kms on a daily basis. These RTN routes are utilized to the extent of 80% capacity load on a daily basis average and also to an extent of 100% on some routes. The impact of this all-India network is visible in parcel traffic and revenue figures.

Financial year	Parcel traffic (fig. in lakhs)	Parcel revenue (in Cr.)
2020-21	344.33	416.52
2021-22	368.65	500.98
2022-23	540.71	620.01

K. Non-setting up of Quality Monitoring Cell

69. Audit scrutiny of records revealed that DoP did not set up QMC centrally at Directorate level and also did not ensure the setting up of these Centres in the Hub cities. In the absence of QMC, day-to-day monitoring, development and maintenance of new applications where required, development and maintenance of MIS and monitoring systems were not achieved.

70. On being asked why DoP failed to set up the QMC centrally at the Directorate level as well as in Hub cities as enshrined in the scheme proposal submitted by the DoP, the Ministry replied as under:

“Since there were only few RTN routes in various Circles, the magnitude of monitoring did not warrant setting up a dedicated QMC at that stage. But, monitoring of RTNs was duly done by mails division of the Postal Directorate, Circle office, Regional office and Postal Division.”

71. About the steps taken/ proposed to be taken for ensuring setting up of the QMC at the required levels, the Ministry stated as follows:

“A Mail Monitoring Unit had been set up at the Postal Directorate, Circle, Region and Division level by an order issued dated 21.06.2023. The said unit will monitor among other thing, the efficiency of RTN network. A web-based dashboard had also been created to monitor capacity utilization, time schedule and discrepancy, if any, on each RTN route.”

72. Ministry while agreeing with the audit contention, replied (June 2021) that the setting up of QMC was not a mandatory component and was contingent upon the emerging operational requirement with respect to the project.

73. In this regard when asked how the day-to-day monitoring, development and maintenance of new applications was ensured in circles, the reply of the Ministry was as under:

“Since there were only few RTN routes in various Circles, monitoring of these RTNs was duly done by mails division of Postal Directorate, Circle office, Regional office and Postal Division. Not only RTN but development and maintenance of all the other applications of the Department was ensured by mails division team at Postal Directorate, Circle office, Regional office and Postal Division.”

74. As regard the justification of leaving the review of operations of RTN to the Circles instead of acknowledging the benefits of setting up of a Quality Monitoring Cell (QMC) for the project at the Directorate / Hub level, the Ministry's comment was as below:

“Department acknowledges the benefit of a dedicated monitoring unit and accordingly has set up a Mail Monitoring Unit (MMU) at Postal Directorate, Circle office, Regional office and Postal Division level by an order issued dated 21.06.2023. MMUs will monitor issues pertaining to Mail and Parcel operations in first mile (booking of parcels), second mile (processing and transmission) and last mile (delivery of parcels). Task of MMU is also to monitor among other thing, the efficiency of RTN network.”

PART-II

OBSERVATIONS / RECOMMENDATIONS OF THE COMMITTEE

INTRODUCTORY

Consequent to the sifting of all the material and information – mainly from the written depositions - available before the Committee, they have come to certain observations and recommendations which are contained in the succeeding paragraphs of this part of the Report.

The Committee find that the Railway Mail Service (RMS) constitutes the primary conduit employed by the Department of Posts (DoP) for the conveyance and transmission of postal items across the country. As of March 2020, the DoP possessed 66 Departmental RMS Vans and secured accommodation in 144 Trains to facilitate the transportation of mail through the RMS. Among the 269 RMS sections, 39 sections operate within Departmental RMS Vans, with the remaining 230 sections utilizing hired train accommodation. In addition to leveraging the services of the Indian Railways, the RMS wing has incorporated the Road Transport Network (RTN) since June 2013. The Committee note that the mail traffic volume handled by the Department from 2017 to 2020 indicated a notable decrease in un-registered mail, while registered mail and premium products of the Postal Department maintained consistent business. However, the overall business witnessed a decline from ₹634.61 crore in 2017-18 to ₹510.27 crore in 2019-20. Despite an overall reduction in expenditure on Mail Services during this period, there was an increase in expenditure on RMS from ₹116 crore to ₹183 crore. The issues contained in the Audit Report have been examined in-depth by the Committee and commented upon suitably.

I. RAILWAY MAIL SERVICE

1. Payment for sanctioned berths without verifying actual allotment

According to Audit, scrutiny of records revealed that Railways had raised bills for berths sanctioned instead of actual berths allotted in three Circles and that the payments were made without verification of the claims, resulting in excess payment of haulage charges of ₹12.15 crore. The

Committee note from the reply of the Ministry that two Circles of Gujarat and Telangana have adjusted the extra amount debited from their account and Odisha Circle has submitted, after reconciliation, that the actual excess debited amount is Rs. 8.4 Cr against reported amount of Rs. 10.61 Cr. The excess debited amount has not been sanctioned by the Circle and matter is being pursued with railways for adjustment of the same. Explaining reasons for making payments without verifying the actual berths allotted, the Ministry stated that in case of Gujarat Circle, the excess payment was made due to oversight for the period from Apr'18 to Dec'19. The excess paid amount has since been recovered after identification of the issue and from Jan'20, and sanctions were issued for actual allotment only. To ensure that Postal Units verify the berths actually allotted/used before making payments in the future, the Ministry stated that all Nodal postal Circles have been directed to share statement of sectional accommodation every month with the concerned zonal Railway so that the same may be considered before raising bills. The Railway Board has also been requested to direct zonal Railways accordingly. While noting that all the three circles have either adjusted the extra amount or initiated action for recovery of excess amount debited from their account, the Committee would like to be apprised of the details of amounts debited and recoveries made by each of the three circles. The Committee desire that appropriate checks may be put in place to ensure that before raising bills, statement of sectional accommodation is invariably shared every month with the concerned zonal Railway and verified scrupulously. The Committee while taking note of instances of claims raised for closed/ non-functional sections/trains, have also observed that there have been occasions of claims being made by two zonal railways separately to two different postal Circles. The Committee recommend that appropriate mechanism should also be devised to address such issues by introducing inbuilt verification processes to avoid future discrepancies in billing and payment.

2. Short allotment of berths as against sanctioned position

The Committee note that the sanction of berths for RMS by Railways is based on the requirements projected by DoP. However, there have been several instances of short allotment of berths as against those sanctioned by

Railways. In three Circles, Audit observed that the short allotment for the period 2017-2020, adversely affected the quality of service provided due to inadequate space. The Ministry in their reply have stated that the cases of short accommodation provided have been addressed to the Railways from time to time and requests made in this regard to Zonal Railways by the Circles as well as by Directorate to Railway Board. Further, the Ministry updated that they are provided with the sanctioned accommodation by the Railways in all the circles across the country barring occasional exceptions. The mail volume is affected by other factors also such as a particular event, season (festival etc.) and may vary from time to time. Hence, it may not always be the case that whenever the actual accommodation deviates from sanctioned position, the service is affected as the DoP has a well-developed Road Transport Network (RTN). The Committee while noting that to overcome the instances of short accommodation in RMS sections, the left-over mail, if any, is despatched through next immediate available mode i.e., RTN/Section desire to be apprised of the quantum of the left over mail sent through RTN/ Section in each of the circles during last three years and the resultant additional expenditure incurred in each of these circles. Further, the Committee also desire to be apprised of the mechanism put in place for according priority to the mail to be sent/ treated as leftover mail in case of short accommodation provided by the Railways and delays, if any, that may have occurred in delivering mail due to inadequate space.

3. Payment made for full sections even after closure of part of the sections

The Committee find that the scrutiny of records of Bihar Circle, as test checked by Audit revealed that in two sections, payments were made for full sections even though part of the sections were closed. After abolition of RN-32 Section (Nagar Untari-Daltonganj-Gomo 460 KM) a portion of the section viz., Daltonganj-Nagar Untari route was abolished with effect from 01 June 2015. Consequently, the to and fro distance from Gomo to Daltonganj came down to 286 KMs. However, Railways continued to prefer haulage charge bills based on the length of the earlier route. No action for rectification was taken by the Postal Circle resulting in excess payment of ₹54.82 lakh. Further, Section H-26

(Sealdah to Sahibganj - 347 Km) was abolished/ discontinued by West Bengal Circle, Kolkata with effect from 01 July 2014 under intimation to Bihar Postal Circle. However, Railways continued to claim haulage charges for Sealdah to Mughalsarai/ Varanasi and the bills were paid by Bihar Postal Circle without taking into consideration the reduction in length of the route resulting in excess payment of haulage charges by the Posts to the tune of ₹43.19 lakh. The Ministry in their reply have stated that the payment was made erroneously as the zonal railway continued raising the bills for this section. As a remedial measure, the Ministry reported that the amount of Rs.54.82 lakh in respect of section RN-32 & Rs. 43.12 lakh in respect of section H-26 have since been adjusted through credit advice. In the light of the fact that the audit observation was based on a test check and also to ensure that the excess haulage charges are not being paid for discontinued routes, all Circles were directed to keep proper record of sections to ensure correctness of haulage payments. In addition, instructions have also been issued to all Circles to seek approval of Directorate for resumption of RMS sections. Here, the Committee opine that due to inadequate internal checks, the significant lapses in the verification and payment processes related to haulage charges in Bihar Circle resulted in excess payments. Therefore, the Committee in no uncertain words recommend that the Ministry should put in place a stronger internal verification mechanism within the Department of Posts to ensure accurate and timely identification of changes in operational routes, their discontinuation, or closure. The Committee also recommend that the internal audit team responsible for regularly reviewing and verifying payment records should also be duly sensitized to be more careful with a view to ensuring non-recurrence of instances of erroneous haulage charge payments in future.

4. Excess Debit of haulage charges

The Committee note that despite DOP's specific directions (September 2017), the practice of RBI directly debiting DoP for Railway bills continued without validation of the bills by DoP resulting in excess debit of ₹17.85 crore in five Circles namely Bihar, Haryana, Gujarat, Odisha, and UP alone. In this regard, the Ministry stated (June 2021) that in the present system of payment of haulage charges, there was no provision of pre-validation from the nodal

payment circle concerned of the DoP and despite the request made to RBI (CAS) Nagpur, the amount mentioned in the haulage bills raised by the Zonal Railways was debited to the DoP. The Ministry added that in respect of Bihar, Haryana and Gujarat Circles, the excess amount debited by RBI Nagpur has since been credited back to the Circle; while in case of Gujarat Circle, though the amount was credited back, it was re-debited by Railways. In respect of Odisha Circle, ₹1.98 lakh has since been adjusted and in respect of UP Circle, matter was being pursued with the Zonal Railways. The Ministry further stated that in order to avoid such notable circumstances and streamline the process of haulage payment in future, a proposal for adopting the procedure of direct payment to Railways after validation of haulage bills by the Department of Posts has been sent to Railways in November 2020 and the matter was being pursued further. The Committee note that despite the request made to RBI (CAS) Nagpur, the amount mentioned in the haulage bills raised by the Zonal Railways was debited to the DoP. The Committee would like to be apprised of the further action taken by the DOP to take up the matter of excess debit in respect of Gujarat and UP Circle and details of amount credited to each of the circles by the RBI.

5. Excess payment of haulage charges due to improper verification/inaction on claims raised by Railways:

The Committee note from the reply of the Ministry that in order to streamline the process of haulage payment in future, proposal for procedure of direct payment system after validation of haulage bills by Department of Posts was sent to Railways on 17.11.2020 and the matter was consistently pursued with Railways besides being taken up during Inter Ministerial meeting on 03.02.2022. Further, another communication has been sent to Chairman, Railway Board on 10.07.2023 in this regard. The Committee note from the reply of DoP that the Ministry of Railways, in response, has directed zonal railways to settle the excess debits and has further requested DoP to advise postal Circles to re-verify the disputed payments and coordinate with the zonal railways to resolve the disputes. The DoP added that instructions in this regard have already been issued to Circles and are reiterated from time to time. Nevertheless, the Committee find that the instructions issued by DoP are not being adhered to, and deficiencies continue to persist. Issues of excess

debits by Railways being continuing since 2017, the Committee are disappointed that no concrete action has been taken in the matter by DoP. The Committee also note that the Ministry of Railways has been silent over the proposal on direct payment system, sent by the DoP on 17.11.2020. In light of the long pending issues of settlement of excess debits of haulage charges between the Ministry of Railways and Department of Posts, the Committee are of the considered view that the proposed direct payment system should be considered and finalized urgently to ensure that the process of haulage payment gets streamlined, The Committee, therefore, while seeking a status note on the outcome of the action taken by the Railways to resolve the dispute of excess debits, recommend that both Departments should take earnest efforts to resolve the issues so that the system of charging correct amount of haulage after validation by DOP may be ensured. In light of audit revelation that the instructions issued by DoP are not being adhered to, and deficiencies persist, the Committee in no unequivocal terms recommend that the DoP should conduct a thorough review of its internal compliance mechanism with a view to ensuring that instructions issued are implemented across all Circles in letter and spirit.

6. The Committee note that in Odisha and UP Circle, monthly reconciliation meetings are not being held regularly to discuss and reconcile the bills raised by the Railways. In this regard, the Ministry have *inter alia* replied that purpose of reconciliation meetings is to rectify the disputes/differences in claimed and actual bills. Circles approach respective zonal Railways for reconciliation/adjustments as and when required. Some zonal Railways accept the adjustments in subsequent bills/ through contra debit to DoP without any reconciliation meeting. However, reconciliation meetings could not be held in several zones in spite of the matter being taken up with the respective zones. To ensure regular reconciliation of claims made by Railways for adjustment of any excess billing, the Ministry have, in reply, stated that the Circles have been sensitized to regularly approach Railways to schedule reconciliation meetings. The Committee while noting that the reconciliation meetings could not be held in several zones in spite of the matter being taken up with the respective zones recommend the DOP to be proactive in its approach. The matter of reconciling the bills of haulage charges raised by the Railways should be vigorously

pursued and reconciliation meetings with the Ministry of Railways/ Zonal Railways invariably held on monthly basis. The steps initiated in this regard be intimated to the Committee at the earliest.

7. Excess payment of Rent for RMS buildings owned by Railways

Audit scrutiny revealed that the DoP issued (May 2010) instruction for calculation/ payment of license fee in respect of RMS buildings constructed under deposit scheme @ 6 per cent of market value of land annually to be revised every five years. For RMS buildings owned by Railways, the revised rates of interest charges were @ 6 per cent on Capital invested after 01 April 1964 and @ 4.5 per cent on Capital invested prior to 01 April 1964. Railways, while re-iterating the rate of interest stated (January 2018) that the land value, as prescribed by the Revenue Department of concerned state, can be taken for fixation of rent annually and to be revised every five years. However, audit noticed instances of incorrect computation of arrears of rent, untimely revision of rent and wrong application of interest rates leading to excess payment of ₹1.53 crore. To ensure that all claims are checked before making payment, the Ministry in their reply have stated that DoP had issued instructions to all the Circles to avoid excess payment of rent for RMS buildings owned by Railways. The Committee note from the submission of the Ministry that all the Circles have been instructed to conduct a comprehensive internal audit of all charges billed by Railways and payments made on account of buildings hired for RMS, and that the Tamil Nadu Circle has started the same. In respect of Tamil Nadu Circle, the Ministry stated that with regard to excess payment of Rs. 1.31 Cr, Railways have informed that revision of rent is under review in Railway Board and the outcome will be intimated. Concerned RMS Divisions are liaising with the Railway Authorities to update the status of the same for further necessary action and to adjust the excess amount paid in future bills. The Ministry further stated that Punjab Circle had informed that the excess amount would be recovered/ adjusted in the next bills that will be issued by Railway authorities. The Committee also note that Punjab Circle is yet to take action for recovering/ adjusting the excess amount in the next bills issued by Railway authorities. The Committee while expressing their displeasure over the injudicious utilization of the public funds by not ensuring that all claims are based on correct computation of arrears of rent, timely revisions and

application of interest rates to avoid excess payment of rent for RMS buildings owned by Railways, recommend that the responsibility should be fixed against the officials concerned for the lapses. Further, the Committee desire that the process of comprehensive internal audit of other charges should be expedited and completed within a stipulated timeframe and they be apprised thereof accordingly.

8. Payment of avoidable rent on vacant/ unutilized building

Audit scrutiny revealed that instances of delays in surrender of rented building/ excess space than justified were noticed resulting in payment of avoidable rent of ₹72.17 lakhs for vacant/ unutilized buildings in six Circles namely Tamil Nadu, Andhra Pradesh, Rajasthan, Uttar Pradesh, Kerala and Punjab. The Ministry accepted (June 2021) the issues raised by Audit except for UP and Kerala Circles. Regarding Uttar Pradesh Circle, the Ministry contended that the old building of O/o Senior Record Officer, Agra was in possession of the Department since the building was required for operational purpose. In respect of Kerala Circle, the Ministry have stated that the carpet area of Kollam RMS office was 3,314 sqft. and the same area was required for the proper functioning of the office. As regard the reasons for delays in surrendering the rented buildings/excess space when not in use, the Ministry have, in their reply stated that after introduction of IT Modernization Project, the nature of mail processing work has changed and more space was required for different activities envisaged as part of Parcel Network Optimization Project. In one of the Circles, the extra time was taken to shift/utilize the serviceable items and to auction the unserviceable items. Notwithstanding the fact, instructions have been issued to all the Circles by the Postal Directorate to review space requirement in Railway properties occupied by Postal department and ensure timely vacation of vacant/extra space to ensure economy in RMS operations. The Committee, while emphasizing the need for devising a strict compliance mechanism of the instructions issued for conduct of regular reviews of space requirements in Railway properties occupied by the Postal department ensuring that space is efficiently utilized, and any excess or vacant space is identified and surrendered in a timely manner, desire that the Ministry must also periodically review and update guidelines

related to the surrender of rented buildings and excess space and make sure that guidelines are aligned with operational needs and industry best practices.

9. Irregular payment of Service Tax/ GST on Rent paid to Ministry of Railways

Audit noticed that MoF instructions (December 2016) stipulate that the services provided by Indian Railways to DoP are not subject to service tax, as both the departments are arms of Central Government. Further, MoF instructions (June 2017) stipulate that the services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority are exempted from payment of Goods and Service Tax (GST). DoP also clarified (March 2019) the position to its Circles that GST is not applicable on licence fee to be paid to Ministry of Railways for the properties rented for RMS Office. Audit scrutiny, however, revealed that in seven Circles, Railways billed GST along with rent and DoP paid ₹3.46 crore without verification of claims. On being pointed out by Audit, Ministry accepted the facts and stated (June 2021) that the concerned Circles had been instructed in May 2021 to take remedial steps to ensure that payment of GST/ Service Tax are not made in future. However, Audit pointed out that the Ministry remained silent regarding refund/ adjustment of GST already paid. To ensure that payment of GST/ Service Tax are not made in future without verification of claims, the Ministry in reply, stated that DoP *vide* D.O. dated 21.05.2021 and D.O. dated 14.06.2023 issued instructions to all the Circles informing that they should device a proper procedure to avoid recurrence of cases of irregular payment of Service Tax/GST on rent paid to Ministry of Railways. About the stance of the Ministry on the refund or adjustment of the GST already paid by DoP, the Ministry stated that the amount of taxes paid by the DoP should preferably be refunded by Railways failing which it should be adjusted in future bills by the Railways. The Committee, in this regard recommend that the Ministry should actively pursue the matter of the refund of the incorrectly paid GST and settle the same in a time bound manner. The Committee would also like to be apprised of the concrete steps taken in this regard.

10. Non-Utilization of Dimensional Weighing System (DWS)

Audit pointed out that the Dimensional Weighing System (DWS) procured by DoP, was not found integrated with the CSI software and hence could not be utilised in five Circles resulting in infructuous expenditure of ₹4.44 crore. Similarly, procurement of Mail Hardware without assessing the required specifications resulted in wasteful expenditure of ₹76.39 lakh. The Committee note from the reply of the Ministry that Dimensional weighing system (DWS) installed at Vijayawada, Hyderabad, Lucknow and Jaipur Parcel Hub has been integrated with Core Systems Integration (CSI) and DWS installed at e-Commerce centre, Kolkata has since been repaired and integration with Core Systems Integration (CSI) will be completed shortly. Further, the Mail Operations Hardware (MOH), a part of IT Modernization Project of Department of Posts, assessed the requirement of Tag Printer/Barcode Printers/Barcode Scanners according to the requirements for the introduction of functionality which got delayed due to delay in the development of software. Functionality for generation of redesigned bag labels through system has now been made available and all Tag Printer/Barcode Printers/Barcode Scanners procured for the purpose are fully utilized by the Circles. While emphasizing the need for prompt integration of the Dimensional Weighing System (DWS) with the Core Systems Integration (CSI) software in all relevant Circles with a view to ensuring optimum utilization and efficient functioning of the DWS, the Committee recommend that the integration of DWS installed at e-Commerce centre, Kolkata with Core Systems Integration (CSI) should be completed in a time bound manner. Before procuring Mail Operations Hardware (MOH) or any other IT equipment, the Committee desire the Ministry to conduct a thorough assessment of the required specifications and ensure compatibility with existing systems. The Committee also recommend that the Ministry should improve coordination between hardware and software development teams to align the timelines for the development of software functionalities with the availability and utilization of the procured hardware components.

II. MAIL SERVICES THROUGH ROAD TRANSPORT NETWORK (RTN)

11. Non-achievement of projected scheme objectives

The Committee note that while approving the Road Transport Network scheme in June 2013 for carriage of parcels on selected routes, it was expected that the implementation of Scheme would lead to additional parcel traffic and revenue for DoP. Further, the new parcel traffic would grow at a rate of 25 per cent per annum during the period 2012-2017. Audit noticed that DoP approved 54 RTN routes in 18 Circles during the period from 2013-14 to 2016-17 and of this, 43 routes in 16 Circles have been made operational between 2014-15 and 2016-17. Out of the 43 routes, six routes have been closed during the original scheme period (up to March 2017) due to various reasons such as non-improvement in service quality by providing time definite delivery of parcels and speed post articles and poor growth in e-commerce parcels. Further, 19 new RTN routes were approved by DoP, during the period from 2017-18 to 2019-20 (post-12th Plan) and out of these, eleven routes have been made operational. However, one route has been closed during this period. Audit also pointed out that between 2018-20, the traffic of RTN routes has been less than a crore while the expenditure on the same was in excess of Rs.10 crore every year. Moreover, Audit scrutiny of parcel traffic handled through Express Parcel/ Business Parcel during the years 2014-15 to 2019-20 revealed that the expected growth in parcel traffic has not been achieved by the DoP vis-à-vis expected growth of 25 per cent per annum and in fact; it reduced considerably in terms of volume during the period 2016-17 to 2019-20. As regards the reason for the net outgo on approved RTN routes, the Ministry explained that Department is following a multimodal approach for transmission of mail and parcels by air, railways and road transport depending on the suitability of the connectivity in terms of delivery advantage. Further, deployment of RTNs is an operational necessity. Wherever there was shortage of space in RMS sections and timings not suitable for expedited delivery of mail and parcel at the destination, Road Transport Network has been made operational on such routes. As regards the performance of RTNs since 2020-21, the Ministry stated that the impact of operationalization of RTNs and infrastructure created can be seen in the parcel traffic figures of the last three financial years. An increase of 57% in parcel traffic has been noted from 2020-

21 to 2022-23. (344.33 lakhs parcels with revenue of Rs 416.52 crore in 2020-21 to 540.71 lakhs parcels with revenue of Rs. 620.01 crore in 2022-23). Presently the RTN comprises 74 routes (to and fro, $37 \times 2 = 74$) which are utilized efficiently, to the extent of 80% capacity average load on a daily basis and on certain routes it is 100%. Further, for exclusive handling and delivery of Express/ Business Parcels since April 2018, with the setting up of Parcel Directorate, 190 Processing hubs and 198 Nodal delivery centres have been set up across the country. Considering the marked improvement in parcel traffic infrastructure and volume as also revenue and capacity utilization on some of the RTN routes in the recent past, the Committee expect that the Department will take necessary action for improving service quality by providing time specified delivery of parcels and increasing market share in e-commerce parcels and thereby improving the revenue earned through RTN routes. The Committee would like to be apprised of the concrete steps being taken in this regard vis-a-vis the extent of expenditure incurred towards market expansion.

12. Setting up of Web-Based Dashboard to monitor RTN network

Audit scrutiny of records revealed that DoP did not set up QMC centrally at Directorate level and also did not ensure the setting up of these Centres in the Hub cities. In the absence of QMC, day-to-day monitoring, development and maintenance of new applications where required, development and maintenance of MIS and monitoring systems have not been achieved. In this regard, the Ministry stated that since there are only few RTN routes in various Circles, the magnitude of monitoring did not warrant setting up a dedicated QMC at that stage. But, monitoring of RTNs was duly done by mails division of the Postal Directorate, Circle office, Regional office and Postal Division. The Ministry further clarified that since 21.06.2023, a Mail Monitoring Unit had been set up at the Postal Directorate, Circle, Region and Division level by an order. The said unit will monitor among other thing, the efficiency of RTN network. A web-based dashboard had also been created to monitor capacity utilization, time schedule and discrepancy, if any, on each RTN route. While appreciating the initiatives taken for monitoring the efficiency of RTN network, the

Committee desire that the Department should undertake concerted efforts to evolve a mechanism to ensure updation of the entries in the web-based dashboard on real time basis so that capacity utilization, time schedule and discrepancy, if any, on each RTN route may be judiciously addressed, rationalized and optimized.

NEW DELHI:
17th January, 2024
27 Pausha 1945 (*Saka*)

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Chairperson,
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